



United Bancorp Inc. Shareholders/Customers:

For the third quarter of 2023, we continued strong growth in our balance sheet as we ended the quarter with assets of \$162.1M (million), up from \$153.4M at the end of the second quarter of 2023. Both portfolio loan growth and deposit growth have continued to be robust for United Trust in 2023, continuing the trend from 2022. Loans have grown from \$83.7M to \$136.8M in the last twelve months and deposits have grown from \$80.9M to \$110.0M over that same period.

We earned \$273k (thousand) for the third quarter of 2023, rising again from the \$124k earned in the second quarter and the \$74k earned in the first quarter. Our third quarter earnings are down from last year's \$503k due primarily to a decline in Mortgage revenue related to the overall higher interest rate environment now compared to last year. However, we have seen a rebound in the Mortgage market which has led to the improving quarter by quarter net income this year as noted above. We hope to continue to migrate back toward the profitability levels we saw in 2022. For the nine months ended September 30, 2023, we have earned \$471k as compared to \$1.76M for the same period last year.

To support continued growth in our balance sheet and income statement, United Trust recently announced a new Capital Raise initiative for \$4-7M of new capital. The capital raise is to support planned asset growth to \$250M, implementation of a new Consumer Lending platform, new Mortgage Banking products and potential new depository location. This initiative will be the primary focus of the fourth quarter of 2023.

Here are a few financial highlights for the **Third Quarter of 2023**:

- The total assets on September 30, 2023 of \$162.1M far exceeded total assets of \$104.9M one year ago. The significant asset growth in the past year has been primarily due to growth in our new portfolio loan programs as noted below.
- United Trust Bank has now had 30 consecutive months of profitability, a significant contrast to the net losses recorded in years prior to 2021. Net interest income totaled \$969k for the third quarter of 2023, considerably up over the \$867k a year ago due to our portfolio loan growth. This increase was attained despite the increased cost of funding in this higher interest rate environment and the need to carry more liquidity this year, in light of the banking crisis earlier this year.
- Supporting the rebound mentioned above, we processed \$102M in mortgage loans during the third quarter of 2023, up over the \$96M in the second quarter and \$85M for the first quarter of 2023. Additionally, our Gain on Sale of Mortgage Loans increased from \$3.56M in the first quarter of 2023 to \$3.68M in the second quarter and \$4.19M in the third quarter. But, as reflective of the decline in industry volume compared to last year, we had processed \$135M in mortgage loans during the third quarter of 2022 and had Gain on Sale of \$5.88M that quarter.
- We achieved growth of \$4.5M in portfolio loans during the third quarter of 2023 in our Community Bank. This followed growth of \$11.4M in the second quarter and \$14.2M in the first quarter this year. This growth has been fueled by two new loan programs. In 2022, we began generating specific 1-4 Family Residential Portfolio Loans in the purchase segment of the business. We followed that by introducing a new Consumer Loan program in the first half of 2023 which now comprises approximately \$4.5M in new loans.



- Deposits continued to grow as they climbed to \$110.0M at the end of the third quarter of 2023, up from \$101.9M at the end of the second quarter and \$80.9M one year ago. The majority of our deposit growth has been in Time Deposits as we remain very competitive with our other area banks, but we also saw strong growth in Demand Deposits during the third quarter of 2023. Only \$3.1M of the growth in the third quarter was in wholesale deposits. The deposit growth is largely due to our loyal customer base in our Palos Heights branch footprint.

With all the significant asset growth we have experienced, our Tier 1 Leverage Ratio declined to 8.17% on September 30, 2023. That ratio was 8.59% on June 30, 2023, and 10.59% on December 31, 2022. Our portfolio loan growth was closely managed in the third quarter this year to monitor our Tier 1 capital ratio, and the capital raise is expected to return the ratio to the 2022 level. Our total capital base continues to grow from our profitability and was \$12.6M on September 30, 2023, up from \$11.9M one year ago. Our Total Risk Based Capital Ratio was 14.64% on September 30, 2023, down from 15.05% on June 30, 2023, and 18.07% at the end of 2022.

We maintain an Allowance for Credit Losses as a percentage of loans of 0.64% on September 30, 2023, the same as the ratio as of June 30, 2023. Our Allowance for Credit Losses is further enhanced when you count the additional reserves required with our purchased Consumer Loans in our portfolio. We had one minor charge off during the third quarter of 2023 totaling \$16k, our first charge off since 2021. We continue to maintain excellent credit quality, as our Texas Ratio on September 30, 2023, stood at 2.44%, down from 2.51% last quarter.

To summarize the performance at United Trust, here is a chart comparing our consolidated key operating ratios for September Year-To-Date 2023 to our annual performance in 2022 and 2021:

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Tier 1 Leverage (EOP)	8.17%	10.59%	9.74%
Total Risk Based Capital (EOP)	14.64%	18.07%	20.06%
Return on Assets (ROA)	0.44%	2.21%	2.40%
Return on Equity (ROE)	5.21%	20.29%	24.13%
ALLL (excluding LHFS)	0.64%	0.70%	1.04%
Texas Ratio	2.44%	1.15%	4.95%
Net Interest Margin	2.66%	3.36%	2.90%
Efficiency Ratio	94.93%	92.59%	94.80%
Liquidity Ratio (to Deposits)	17.63%	20.86%	28.96%

Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that 2024 will continue to bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all your banking needs. We will also continue to increase the value to our shareholders, as our book value per share for United Bancorp, Inc. increased to \$1.07 per share on September 30, 2023, up from \$1.03 per share at December 31, 2022, and up from \$0.81 per share at December 31, 2021.

In closing, please consider an additional investment in United Trust as part of our capital raise. If interested, please contact me at 404-488-0178 or “cwagner@utbhome.com”.

Best Regards,

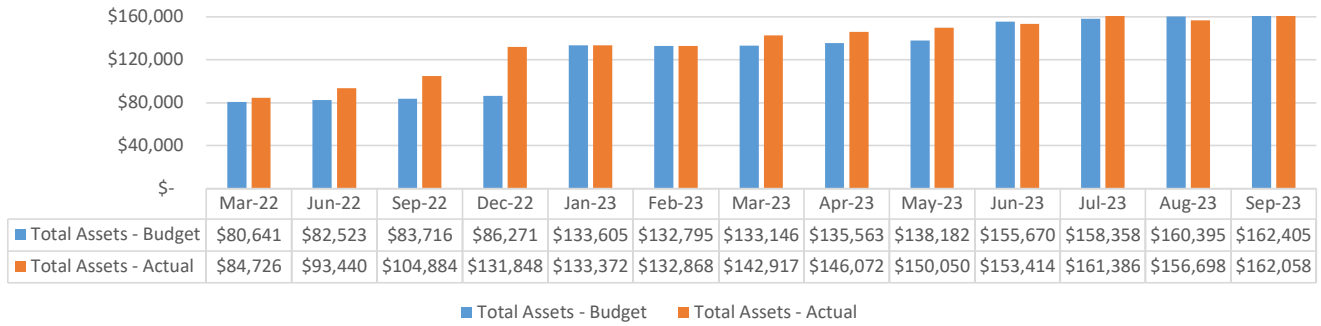
Charles K. Wagner,
President and CEO



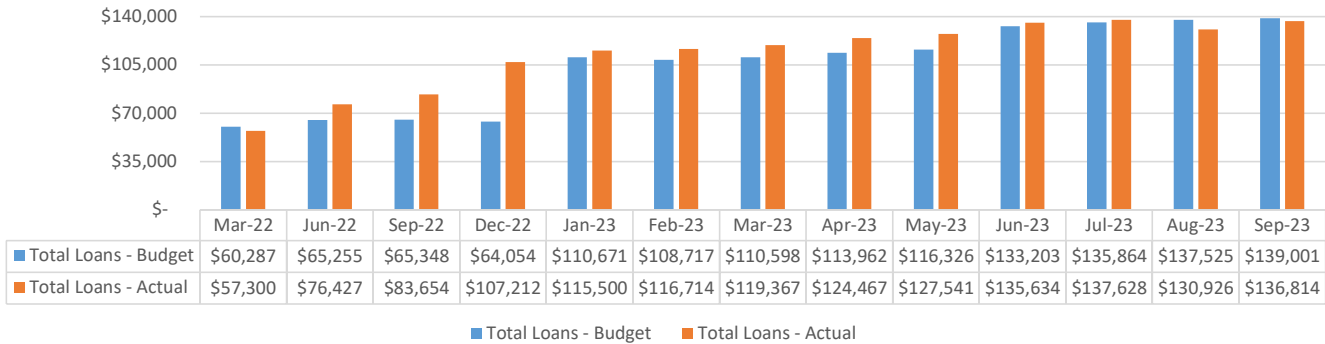
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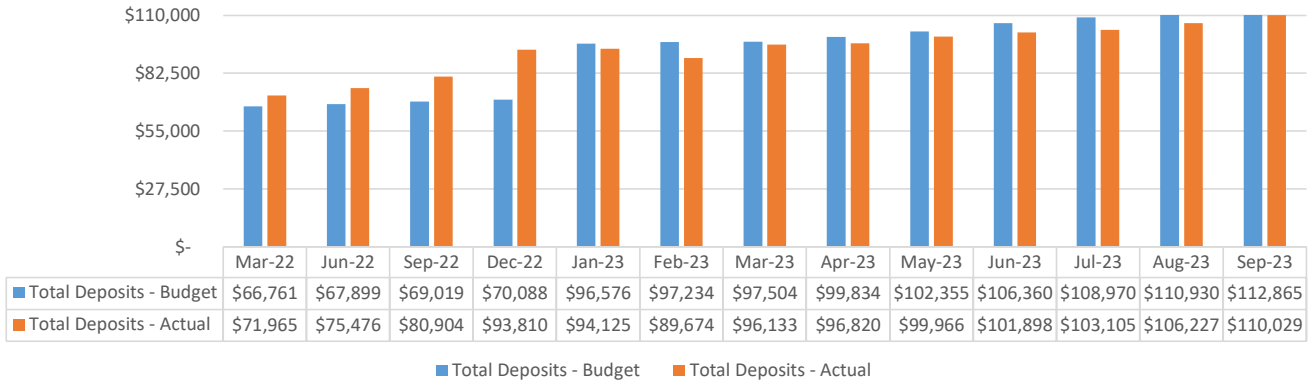
Total Assets



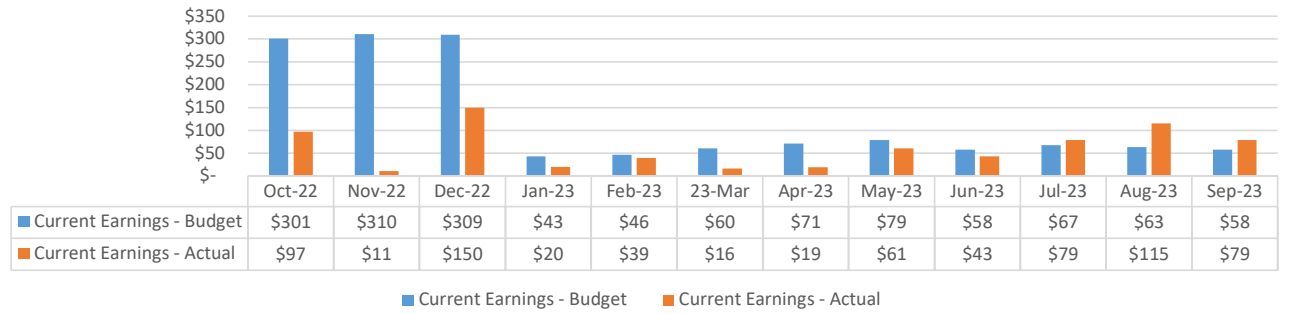
Total Loans



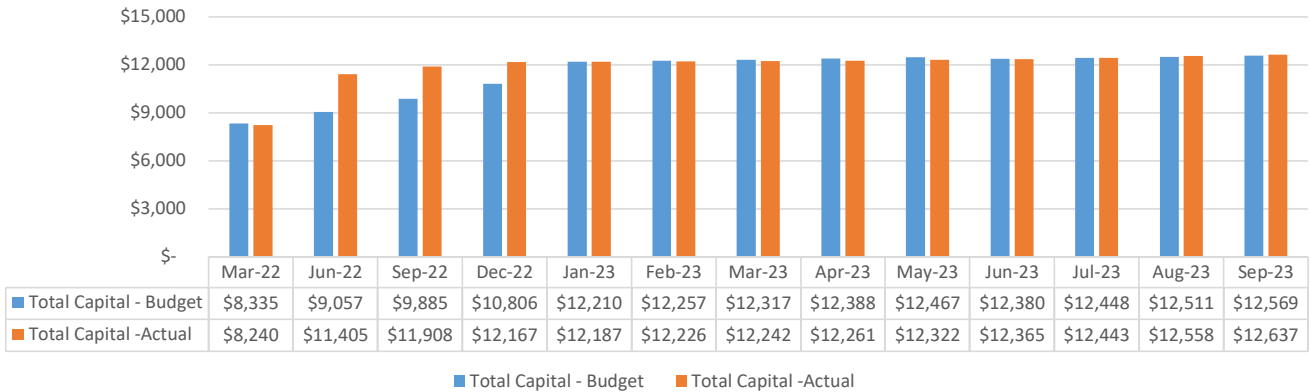
Total Deposits



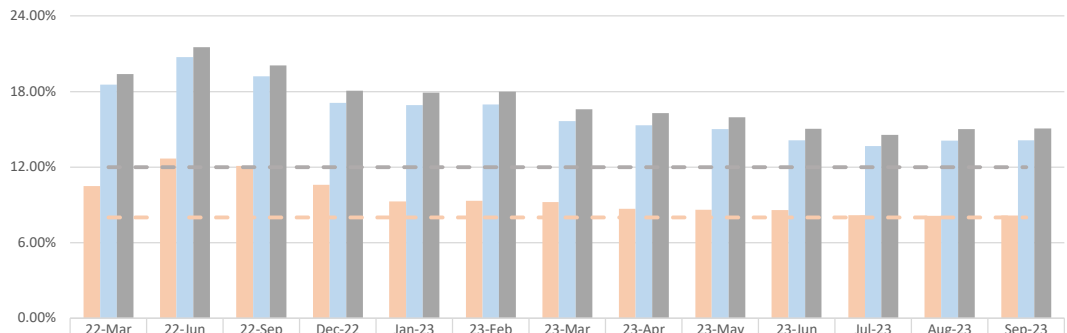
Total Earnings



Total Capital



Capital Ratios



	22-Mar	22-Jun	22-Sep	Dec-22	Jan-23	23-Feb	23-Mar	23-Apr	23-May	23-Jun	Jul-23	Aug-23	Sep-23
Actual Tier 1 Leverage Ratio	10.51%	12.67%	12.10%	10.59%	9.29%	9.33%	9.23%	8.71%	8.62%	8.59%	8.18%	8.14%	8.17%
Actual Tier 1 Capital Ratio	18.54%	20.74%	19.21%	17.10%	16.93%	16.98%	15.64%	15.33%	15.03%	14.14%	13.67%	14.11%	14.13%
Actual Total Risk Based	19.40%	21.53%	20.06%	18.07%	17.91%	17.98%	16.60%	16.28%	15.97%	15.05%	14.56%	15.03%	15.06%
OCC Leverage Ratio	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
OCC Total Risk Based	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

■ Actual Tier 1 Leverage Ratio
 ■ Actual Tier 1 Capital Ratio
 ■ Actual Total Risk Based
 - - - OCC Leverage Ratio
 - - - OCC Total Risk Based

United Trust Bank
Balance Sheet

	September 30, 2023	September 30, 2022
<u>Assets</u>		
Cash & Due	\$ 19,490	\$ 17,170
Securities		
Mortgage-Backed Securities	33	41
Gross Unrealized AFS G/L	(1)	-
Total Securities	\$ 32	\$ 41
Loans		
Commercial	2,950	1,684
Real Estate		
Commercial	10,858	11,911
Residential	108,290	54,598
Mortgage Loans HFS	8,121	14,937
Total Real Estate	\$ 127,269	\$ 81,446
Consumer	5,271	563
Nonaccrual Loans	330	140
Other Loans	994	(179)
Total Loans	\$ 136,814	\$ 83,654
Loan Loss Reserve	(829)	(493)
Net Loans and Leases	\$ 135,985	\$ 83,161
Fixed Assets	2,671	2,757
OREO	-	-
Equity Securities	1,985	455
Other Assets	1,895	1,301
Total Assets	\$ 162,058	\$ 104,884
 <u>Liabilities</u>		
Demand Deposits	26,401	23,006
Interest Bearing Deposits		
NOW Accounts	1,761	2,124
Money Market Accounts	8,582	10,217
Savings	791	1,214
Time Deposits		
CD's > 250K	23,258	3,425
CD's 100K-250K	36,606	32,146
CDs < 100K	12,630	8,774
Total Time Deposits	\$ 72,494	\$ 44,344
Total Interest Bearing Deposits	\$ 83,628	\$ 57,899
Total Deposits	\$ 110,029	\$ 80,904
Borrowed Funds	37,917	10,100
Other Liabilities	1,475	1,971
Total Liabilities	\$ 149,421	\$ 92,976
<u>Capital</u>		
Common Stock	23,167	23,167
Undivided Profit	(11,000)	(13,024)
Current Earnings	471	1,764
Net Unrealized AFS G/L	(1)	-
Total Capital	\$ 12,637	\$ 11,908
Total Liabilities & Capital	\$ 162,058	\$ 104,884

United Trust Bank
Income Statement

	<u>3rd Quarter 2023</u>	<u>3rd Quarter 2022</u>	<u>Year To Date 2023</u>	<u>Year To Date 2022</u>
Interest Income				
Cash & Due	\$ 196,112	\$ 78,603	\$ 546,792	\$ 134,204
Securities				
Mortgage-Backed Securities	476	282	1,403	537
Loans				
Commercial	89,405	35,179	163,121	85,858
Real Estate	1,867,465	977,201	5,013,875	2,186,599
Consumer	114,404	6,480	230,840	17,835
Other Loans	-	-	-	(3,728)
Total Loans	<u>\$ 2,071,274</u>	<u>\$ 1,018,860</u>	<u>\$ 5,407,836</u>	<u>\$ 2,286,564</u>
Equity Securities	-	-	-	-
Total Interest Income	<u>\$ 2,267,862</u>	<u>\$ 1,097,745</u>	<u>\$ 5,956,031</u>	<u>\$ 2,421,305</u>
Interest Expense				
NOW Accounts	600	977	1,738	2,799
Money Market Accounts	83,337	15,230	220,096	37,290
Savings	205	328	661	932
Time Deposits	721,978	100,598	1,776,472	224,013
Total Deposits	<u>\$ 806,120</u>	<u>\$ 117,133</u>	<u>\$ 1,998,967</u>	<u>\$ 265,034</u>
Borrowed Funds	493,065	113,220	1,287,922	146,932
Total Interest Expense	<u>\$ 1,299,185</u>	<u>\$ 230,353</u>	<u>\$ 3,286,889</u>	<u>\$ 411,966</u>
Net Interest Income	<u>\$ 968,677</u>	<u>\$ 867,392</u>	<u>\$ 2,669,142</u>	<u>\$ 2,009,339</u>
Loan Loss Provision	47,468	61,259	152,767	144,473
Net Interest Income after Provision	<u>\$ 921,209</u>	<u>\$ 806,133</u>	<u>\$ 2,516,375</u>	<u>\$ 1,864,866</u>
Non-Interest Income				
Service Charges	10,660	9,819	33,587	23,554
Fee Income				
Loan Fees (Not in NIM)	(29,201)	41,921	(92,581)	85,086
Brokered Fee Income	48,250	195,487	310,576	1,164,604
Gain on Sale Mortgage Loans	4,189,450	5,883,406	11,425,362	22,429,803
Other Fee Income	43,513	125,165	134,392	215,014
Total Fee Income	<u>\$ 4,252,012</u>	<u>\$ 6,245,979</u>	<u>\$ 11,777,749</u>	<u>\$ 23,894,507</u>
Other Income	6,600	39,583	19,870	88,355
FHLB Stock Dividend	52,567	1,719	92,694	4,813
Total Non-Interest Income	<u>\$ 4,321,839</u>	<u>\$ 6,297,100</u>	<u>\$ 11,923,900</u>	<u>\$ 24,011,229</u>
Non-Interest Expense				
Employee	3,034,558	3,873,514	8,440,944	14,687,529
Occupancy	167,101	281,459	456,574	782,195
Equipment Expense	158,793	207,856	425,797	677,066
Data Processing	68,083	66,687	217,100	196,641
Gain/Loss on sale of assets	-	-	-	-
Professional Fees	88,779	63,387	233,731	197,490
Marketing	728,344	1,429,426	2,307,487	5,313,588
Other Employee Expense	47,671	38,778	107,404	124,951
Loan Expense	489,857	498,102	1,261,295	1,612,210
Other Expense	162,099	95,802	409,324	415,580
Total Non-Interest Expense	<u>\$ 4,945,285</u>	<u>\$ 6,555,011</u>	<u>\$ 13,859,656</u>	<u>\$ 24,007,250</u>
Operating Income	297,763	548,222	580,619	1,868,845
Federal Tax	(13,685)	-	45,713	-
State Tax	38,809	45,000	64,267	104,250
Net Income	<u><u>\$ 272,639</u></u>	<u><u>\$ 503,222</u></u>	<u><u>\$ 470,639</u></u>	<u><u>\$ 1,764,595</u></u>